EX PARTE OR LATE FILED

ORIGINAL

HALPRIN, TEMPLE, GOODMAN & MAHER
555 12TH STREET, N.W., SUITE 950 NORTH
WASHINGTON, D.C. 20004
(202) 371-9100 TELEFAX (202) 371-1497
HTTP://WWW.HTGM.COM

ALBERT HALPRIN
RILEY K. TEMPLE
STEPHEN L. GOODMAN

WILLIAM F. MAHER, JR.
JOEL BERNSTEIN
RICHARD T. WHITE, JR.

November 10, 2000

RECEIVED
NOV 13 2000
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Magalie Roman Salas
Secretary
Federal Communications Commission
The Portals
Washington, D.C. 20554

Re: Ex Parte Presentation -- Multi-Association Group Petition for Rulemaking in *Improved Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, RM 10011

Dear Ms. Roman Salas:

Yesterday, the undersigned, representing the Multi-Association Group, met with Karen Peltz Strauss, Margaret Egler, and Sumita Mukhoty of the Consumer Information Bureau to describe the above-captioned petition for rulemaking.

The enclosed summary materials were discussed at the meeting and summarize the content of the meeting. Two copies of the materials are enclosed for the use of the Secretary, and a copy of this notice and enclosure will be provided to each of the Commission attendees.

If you have any questions on this matter, do not hesitate to call me.

Very truly yours,

William F. Maher, Jr.

William F. Maher, Jr.

Enclosures
cc: Karen Peltz Strauss
Margaret Egler
Sumita Mukhoty

No. of Copies rec'd 0+2
List ABCDE

Consumer Benefits
Multi-Association Group Plan

Plan For Smaller LECs Filed With The FCC Provides For Lower Access Rates and More Consumer Choices

NRTA, NTCA, OPASTCO, and USTA, which represent incumbent local exchange carriers (ILECs), filed a plan with the FCC on October 20, 2000. This plan reforms regulation of those smaller ILECs that serve the rural, high-cost, and insular areas of the United States by allowing them to provide services comparable to those deployed in urban areas at reasonably comparable rates.

- Under this Plan, access charges paid by long distance carriers to smaller ILECs will be dramatically reduced, and these reductions will be passed on to consumers. Currently, many popular long distance calling plans which feature low per minute rates are not available in rural areas of the country. However, section 254(g) of the Telecommunications Act of 1996 requires long distance carriers to serve rural consumers at prices that are no higher than those in urban areas. The Plan goes beyond simply calling for enforcement of section 254(g); by lowering access charges, the Plan makes it much easier for long distance companies to comply with the law. This will give consumers more carriers and calling plans to choose from.

- In high-cost markets, like many rural areas, long distance carriers have strong incentives not to serve consumers due to higher access rates. By lowering access costs, the Plan reduces the incentive for these companies to leave high-cost markets, while providing incentives for new long distance companies to compete in these areas. The Plan helps ensure that customers will continue to have access to long distance service that is comparable in price to urban areas.

- The Plan encourages the entry of new local service providers through a fair mechanism that enables competitors to obtain the same universal service support received by the ILEC. Additionally, the Plan will permit ILECs to focus support on the highest-cost customers, ensuring competition is efficient and that universal service is targeted to where it is most needed.

- The Plan will eliminate the current regulatory caps on universal service support, so that funding will be "sufficient," as required by law. This step, along with the regulatory stability provided by the Plan, will greatly enhance the ability of rural ILECs to make the investments necessary to provide access to broadband and other advanced services while keeping rates affordable.

- The Plan does not add line items or otherwise make consumers' bills more complex.

- The Plan enhances Lifeline support in areas served by smaller ILECs to ensure continuing service for low-income consumers.

- The Plan takes into account the vast changes experienced in the telecommunications industry, while allowing smaller ILECs in rural areas to continue providing their customers with services that are comparable in quality and price to those enjoyed by people in low-cost urban markets.

Interstate Regulatory Reform

Multi-Association Group Plan
For Non-Price Cap LECs

NRTA
NTCA
OPASTCO
USTA

Multi-Association Group Plan

- Filed on October 20, 2000 at the FCC
- Plan addresses access charge reform, universal service, incentive regulation, and rural/urban comparability for non-price LECs.
- Two path approach
  -- Path A: Transition to incentive regulation
  -- Path B: Remain on rate of return, with ability to move to Path A during five-year transition period
- Plan consistent with CALLS; same policy direction as RTF

Path A

- Five-year transition from cost to incentive-based regulation for companies that elect Path A at the outset

- Incentive plan based on revenues per line

- Universal Service – New explicit support within the pool; removal of caps on high cost support for Path A and Path B

Pooling Plan – Access Rates

- Major rate components:
  - -- Carrier Access Rate (CAR)
    - Translation of today's switched access rates into composite average (existing rate elements remain)
  - -- Subscriber Line Charge (SLC)
    - Billed to end user

Access Rates – CAR

- CAR set at level reasonably comparable to price cap companies' level

  -- Transition from 3.94-4.3 cents to 1.6 cents for Path A LECs

Access Rates – SLC

- SLC transitions consistent with CALLS
  -- SLCs set at PC companies' caps (as long as reasonably comparable to their actual SLCs)

- SLC residence & single-line business rates
  -- July 1, 2001 $ 5.00
  -- July 1, 2002 $ 6.00
  -- July 1, 2003 $ 6.50

- Subject to FCC review

- Multi-Line bus. transitioned to $9.20 per CALLS

Rate Averaging Support – RAS

- RAS is explicit universal service support, recovering the difference between the settlement paid by the pool and the revenue derived from SLC, LTS, LSS & prescribed CAR
- Billed as other universal service fund components are billed
- Portable as are other universal service fund components

Pooling Plan Settlements

- Settlements address companies with varying cost characteristics and needs
  - -- Incentive-based environment (mandatory after year five)
  - -- ROR/Averaging Schedule (AS) transition for the first five years
- Pool ROR remains at 11.25%
- Separations factors frozen per recommendation

Pooling Plan
Incentive Regulation

- Move from settlement based on cost studies or average schedules to “revenue per line” (RPL) (inflation adjusted)

- Frozen RPL provides incentives for decreasing costs, increasing number of lines

Pooling Plan
Low End Adjustment

- Low End Adjustment (LEA) as safety net

  -- for LECs with five or fewer study areas on incentive regulation whose return is less than 50 basis points below current authorized rate of return

  -- for LECs with more than five study areas on incentive regulation whose return is less than 100 basis points below current authorized rate of return

Pooling Plan
Post Transition Period

- All study areas in Path A subject to incentive regulation
- Low End Adjustment remains available for Path A

Path B

- Remain on current ROR regulation, with following changes

  -- Access reform

  - Decreases in per-minute access rates; SLC increases to CALLS caps

  -- Universal Service reform

  - Existing caps removed, but no RAS available

Non-Pooling Plan

- Rates established using base year interstate RPL
- New services at market rates under streamlined rules
- Low End Adjustment available for Path A

Universal Service

- Enhance Lifeline per CALLS plan
- Same direction as Rural Task Force recommendation, but remove existing caps
- Cost study areas receive universal service under today's rules
- To be frozen on per-line basis under Path A incentive regulation
- Disaggregated into up to three zones per wire center & made portable
- RAS is explicit residual funding for Path A pooling LECs